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UNITED STATES DEPARTMENT OF AGRICULTURE • FARMERS HOME ADMINISTRATION

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This Is FmHA



Introduction

The Farmers Home Administration (FmHA), an agency of the U.S. Department of Agriculture (USDA), operates Federal loan programs designed to strengthen family farms, finance new and improved rural housing, develop community facilities, and maintain and create rural employment.

When the agency began in 1935, its original function was to make loans and grants to Depression-stricken families and help them regain self-sufficiency in making their living on family farms. Throughout more than half a century of operation, FmHA has been concerned primarily with credit and counseling services that have supplemented resources of the private sector for building stronger family farms.

In recent decades, Congress created additional, nonfarm programs to benefit families and communities in rural areas. Those programs have helped to provide safe, modest housing; modern, sanitary water and sewer systems; essential community facilities; and job and economy-boosting business and industry in rural areas.

Working through all of its programs, the agency's goal is to serve as a temporary source of supervised credit and technical support for rural Americans for improving their farming enterprises, housing conditions, community facilities, and other business endeavors until they are able to qualify for private sector resources.

Over the years, FmHA has developed a credit system that operates through more than 1,900 county offices, over 200 district offices, and 46 State offices. More than 11,000 full-time employees serve all 50 States plus Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands. This decentralized network of staff and offices enables FmHA to maintain a close, one-on-one relationship with its borrowers.

The agency makes direct loans and guarantees loans made by private lenders, and provides a limited number of grants.

Loans must be adequately secured to protect the interests of the lender and the Government, usually with real estate mortgages or liens on crops or equipment financed by the loans.

Information about FmHA loans and grants may be obtained at any county or district office of the agency. Applications should be submitted to the office serving the county where the property involved is located.

All farm and single-family housing loans are made and serviced by county offices. Multifamily housing and community facility project applications are processed by FmHA district offices. Business and industry applications can be accepted by county offices, but are processed by FmHA State offices.

FmHA office locations are listed in the "U.S. Government" section of telephone directories under "Department of Agriculture." Office locations also may be obtained by writing to the Farmers Home Administration, U.S. Department of Agriculture, Washington, DC 20250.

All applications for FmHA services are considered without regard to race, color, religion, sex, marital status, age, handicap, or national origin. Any multifamily or public-use facility financed with the help of FmHA must be made available to the public with the same consideration.



Farmer Programs



Loans are made to persons with experience in farming, who will be the owners or operators of a farm when the loan is made, and who make a living from farming. The local FmHA county committee, made up of three persons who know local farming and credit conditions, determines eligibility for farmer loans. Two of the committee members are elected by local farmers and serve a 2-year term.

In all cases, FmHA lends to the qualified farmer who cannot get necessary credit elsewhere. FmHA supplements financing made available by commercial lenders. The farm may be operated as an individual business, joint operation, partnership, corporation, or cooperative. Farms include all types of agricultural production, ranches, and aquaculture operations.

Farm Operating Loans can be used for feed, seed, livestock, fertilizer, farm and home equipment, and living expenses. Annual operating loans are usually repaid when the year's farm production is sold. Other loans may be repaid in from 1 to 7 years, depending upon security backing the loan. Extensions may be granted under certain circumstances.

The loan limits are \$200,000 for direct loans and \$400,000 for guaranteed loans. Interest rates are established periodically, based on the cost to the Government of borrowing money.

Farm Ownership Loans are used to buy land, refinance debts, construct or repair farm structures or improve farmland, and establish farm-based business enterprises to supplement farm income. The maximum repayment term is 40 years.

The loan limits are \$200,000 for insured loans and \$300,000 for guaranteed loans. Interest rates are set periodically.

Soil and Water Loans help individual farmers develop, conserve, and properly use their land and water resources and abate pollution. Terms are the same as those for farm ownership loans.

Nonfarm Enterprise Loans help farmers develop and operate nonagricultural enterprises to supplement farm income.

Youth Project Loans enable young people under 21 to borrow money on their own signatures for income-making projects. Projects must be a part of an organized and supervised program and produce sufficient income to repay the loan. A cosigner may be required.



Emergency Loans help family-size farmers recover from natural disasters. The payment varies according to loan purpose and the borrower's repayment ability. Loans to offset actual losses are made at reduced interest rates and may be used to restore damaged property and to pay production expenses. Applications for all losses must be filed within 8 months of the emergency designation date. Areas are designated as eligible for disaster emergency loans by the President, the Secretary of Agriculture, or the FmHA Administrator.

Limited Resource Loans help low-income farmers improve their operations and earn a better living.

Limited resource farmers are owners or tenants who have low income due to factors such as lack of equipment, land, adequate financing, or sound farming practices. Limited resource loans are made for ownership and operating purposes at reduced interest rates for the first 3 years. The loan is then reviewed periodically to determine the borrower's repayment ability.

Indian Tribal Loans enable Indian tribes to purchase privately held lands that lie within their reservations and restore them to the use of reservation residents. Loan funds may be used to pay expenses incidental to the purchase of the land, but not for land development.



Housing Programs



mHA makes loans and grants to provide rural residents with decent, safe, and sanitary homes. Eligibility is based on adjusted household income, with low-interest loans available to low-income and very-low-income applicants. FmHA housing is modest in size, design, and cost, but meets Government-observed development standards and agency-established thermal requirements.

“Rural areas” include open country and places with populations of 10,000 or less. Some towns with population between 10,000 and 20,000 may qualify if located outside Metropolitan Standard Areas (MSA’s), and depending upon local mortgage credit conditions.



Single-Family Housing

Home Ownership loans are made to families or individuals who are without adequate housing and who are unable to obtain loans from private lenders at reasonable rates. They must have sufficient income to meet loan payments and have a satisfactory credit history that indicates a willingness and ability to meet loan obligations.

Loans may be used to buy, build, improve, repair, or rehabilitate rural homes, including manufactured homes. Loans can be made for 100 percent of the value of the property as appraised by FmHA. Normally, the maximum repayment term is 33 years.

Home Improvement and Repair Loans are made to bring substandard houses up to agency development standards. Loans of no more than \$10,000 may be repaid in up to 25 years.

Conditional Commitments for rural housing are assurances to builders or sellers that FmHA will make loans to qualified applicants if the homes offered meet FmHA standards.

Very-Low-Income Repair Loans are made for repairs to make houses safe and to remove health hazards. Loan limit is \$15,000, maximum term for repayment is 20 years, with an interest rate of 1 percent. Grants or loan-grant combinations are available to help very-low-income

elderly homeowners (62 years of age or older) make necessary repairs to their homes. Grants may not exceed \$5,000 and are used to pay for only that cost of the repairs that the applicant cannot afford on a 1-percent loan scheduled for repayment over 20 years.

Mutual Self-Help Housing Loans are made to a group of families who wish to work together to build their own homes. Loans are made on an individual basis, but the group must agree to work together until all houses are completed.

Technical Assistance Grants for Self-Help Housing are available for public or private nonprofit groups. Applicants must show a need for self-help housing, the professional expertise to supervise a project, and a lack of funding for this assistance.

Housing Site Loans may be made to public or local private nonprofit groups for housing sites, including self-help housing. Funds are for land, access streets, and utilities. Loans are repayable in 2 years.

Multifamily Housing Program

Rural Rental Housing Loans are made to finance apartment-style housing, or to purchase and rehabilitate existing rental housing. Manufactured housing rental projects are also eligible. Loans can be made to individuals, public agencies, cooperatives, and profit and nonprofit corporations. Except for public agencies, applicants must be unable to provide moderate-cost rental units with other financing. Loans are repayable in up to 50 years with interest reductions in some cases.

Congregate Housing Loans offer persons 62 years of age and older and

handicapped persons semi-independent living quarters which may include central dining facilities, some housekeeping help, and other centralized services. Also some health service may be provided, but no nursing home care.

Farm Labor Housing Loans and Grants finance rental units for domestic farm laborers. The interest rate is 1 percent. Grants of up to 90 percent are available for public or broadly based nonprofit organizations when the group cannot afford loan payments but has initial operating capital and income to manage the facility.

Rental Assistance payments are made to owners of FmHA-financed rental projects to reduce the rents (including utilities) paid by low-income tenants to no more than 30 percent of their incomes.



Community and Business Programs



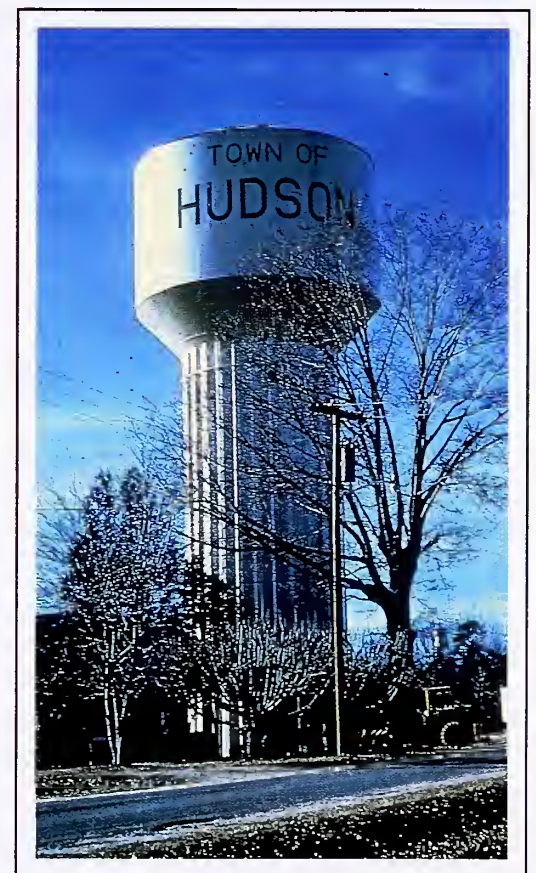
mHA community facility programs are directed toward the rural countryside and rural communities of up to 10,000 population. Loans may be made for the useful life of the facility up to a maximum of 40 years. Loans are made at three interest rates: (1) A market rate based on current yields of comparable municipal obligations, (2) a fixed rate for communities with median incomes below the poverty line, and (3) an intermediate rate set halfway between.

Eligible applicants include municipal and county governments, public service districts and authorities, Indian tribal organizations, and broadly based community nonprofit corporations. Applicants must be unable to finance proposed projects from their own resources or through commercial credit at reasonable rates and terms. FmHA may jointly fund projects with other agencies.

Community program loans are administered by FmHA district offices, but application information is available at local county FmHA offices.

Water and Waste Disposal Loans and Grants are available for community water systems, sewage disposal systems, solid waste disposal systems, and storm drainage systems. Projects may be located in or serve open countryside and rural communities of not more than 10,000 population. Priority is given to communities of 5,500 population or less. Grants (covering up to 75 percent of costs) may be made to help the most financially needy communities reduce the rates and charges for users whose total water needs are met or, if there is no meter, could be met by a single residential-size water meter.

Community Facility Loans are made to build or improve other types of essential public-use facilities in rural





areas or towns of not more than 20,000 people. Loan funds may be used to finance health care facilities such as hospitals, nursing homes, dental or medical clinics, and medical rehabilitation centers; public safety facilities such as fire stations and trucks, ambulances, police stations, and jails; and public service facilities such as courthouses, community buildings, industrial parks, roads, bridges, airports, fairgrounds, schools, and

utilities. Funds also may cover costs of equipment.

Watershed and Flood Protection Loans are made to cover costs of local organizations for projects under the Small Watershed Protection and Flood Prevention Act or the Flood Control Act of 1944. The Soil Conservation Service (SCS) of USDA provides primary guidance and financial support to these programs. Repayment terms can be as long as 50 years. Interest rates are adjusted annually to the cost of U.S. Treasury borrowings.

Resource Conservation and Development Loans are made to finance projects that meet plans for RC&D areas designated by USDA and assisted by SCS, including land or water conservation, water resource improvements, public recreational developments, and waste disposal. Loans are made for a maximum of 30 years. Interest rates are adjusted annually to the cost of U.S. Treasury borrowings.

Business and Industry Programs



Efforts to strengthen the economy of rural communities are assisted by the business and industry program, which can provide development credit in towns of 50,000 or less, with priority going to places of 25,000 and less. Jobs produced in that manner help rural people stay in their own communities and raise their standard of living in the rural environment.



Business and Industry (B&I)

Guarantees help maintain and establish usiness and industry in rural areas. Funds may be used for purchase of land, buildings, and equipment; working capital; and in certain cases for refinancing debts.

Funds may not be used for projects that transfer businesses from one area to another or produce goods or services for which there is insufficient demand.

Priorities have been established within FmHA for B&I loans, which, among other objectives, place special emphasis on saving existing jobs as well as creating employment opportunities.

Application for B&I loan guarantees is made at the office of a local lender who, in turn, contacts FmHA for assistance in processing the application: Preliminary information may be obtained from FmHA offices by prospective applicants.

In most banking jurisdictions, the lender is not required to apply the FmHA-guaranteed portion of the loan against its legal lending limit. This, in effect, extends the lending potential of smaller, rural lending institutions. Local banks can involve other banks in B&I loans on a participation or secondary market basis, thus bringing fresh, outside capital into the community.

The interest rate for FmHA guaranteed loans is determined between the borrower and the lender. The repayment period varies according to the use of the funds.

The borrower must have enough tangible equity to provide reasonable assurance that the project will be successful. FmHA will require at least 10 percent equity for existing businesses and 20-25 percent for a new business.

FmHA State Offices

Alabama

State Director, FmHA
Room 717, Aronov Building
474 South Court Street
Montgomery, AL 36104

Alaska

State Director, FmHA
634 South Bailey
Suite 102
Palmer, AK 99645

Arizona

State Director, FmHA
201 E. Indianola
Suite 275
Phoenix, AZ 85012

Arkansas

State Director, FmHA
Room 5529, Federal Building
700 W. Capitol, P.O. Box 2778
Little Rock, AR 72203

California-Nevada

State Director, FmHA
194 West Main Street
Suite F
Woodland, CA 95695

Colorado

State Director, FmHA
Room E 100
655 Parfet Street
Lakewood, CO 80215

Delaware-Maryland

State Director, FmHA
2319, South Dupont Highway
Dover, DE 19901

Florida

State Director, FmHA
401 S.E. 1st Avenue
Room 214, Federal Building
P.O. Box 1088
Gainesville, FL 32601

Georgia

State Director, FmHA
Stephens Federal Building
355 E. Hancock Avenue
Athens, GA 30610

Hawaii

State Director, FmHA
Room 311, Federal Building
154 Waianuenue Avenue
Hilo, HI 96720

Idaho

State Director, FmHA
3232 Elder Street
Boise, ID 83705

Illinois

State Director, FmHA
Illini Plaza-Suite 103
1817 S. Neil Street
Champaign, IL 61820

Indiana

State Director, FmHA
5975 Lakeside Boulevard
Indianapolis, IN 46278

Iowa

State Director, FmHA
Room 873, Federal Building
210 Walnut Street
Des Moines, IA 50309

Kansas

State Director, FmHA
Room 176, 444 S.E. Quincy Street
Topeka, KS 66683

Kentucky

State Director, FmHA
333 Waller Avenue
Lexington, KY 40504

Louisiana

State Director, FmHA
3727 Government Street
Alexandria, LA 71302

Maine

State Director, FmHA
USDA Office Building
Orono, ME 04473

Mass.-Rhode Island-Conn.

State Director, FmHA
451 West Street
Amherst, MA 01002

Michigan

State Director, FmHA
Room 209, 1405 South Harrison Road
East Lansing, MI 48823

Minnesota

State Director, FmHA
252 Federal Building
316 N. Robert Street
St. Paul, MN 55101

Mississippi

State Director, FmHA
Suite 831, Federal Building
100 W. Capitol Street
Jackson, MS 39269

Missouri

State Director, FmHA
555 Vandiver Drive
Columbia, MO 65202

Montana

State Director, FmHA
Room 210, Federal Building
10 East Babcock Street
P.O. Box 850
Bozeman, MT 59771

Nebraska

State Director, FmHA
Room 308, Federal Building
100 Centennial Mall N
Lincoln, NE 68508

New Jersey

State Director, FmHA
Suite 100, 100 High Street
Mt. Holly, NJ 08060

New Mexico

State Director, FmHA
Room 3414, Federal Building
517 Gold Avenue, SW
Albuquerque, NM 87102

New York

State Director, FmHA
Room 871, James Hanley Federal Building
100 South Clinton Street
Syracuse, NY 13260

North Carolina

State Director, FmHA
4405 Bland Road-Suite 252
Raleigh, NC 27609

North Dakota

State Director, FmHA
Room 208, Federal Building
Third and Rosser
P.O. Box 1737
Bismarck, ND 58502

Ohio

State Director, FmHA
200 North High Street
Columbus, OH 43215

Oklahoma

State Director, FmHA
USDA Agricultural Center Building
Stillwater, OK 74074

Oregon

State Director, FmHA
Room 1590, Federal Building
1220 S.W. 3rd Avenue
Portland, OR 97204

Pennsylvania

State Director, FmHA
Room 730, Federal Building
P.O. Box 905
Harrisburg, PA 17108

Puerto Rico

State Director, FmHA
New San Juan Center Building
5th Floor
159 Carlos Chardon Street
Hato Rey, PR 00918

South Carolina

State Director, FmHA
Room 1007, Strom Thurmond
Federal Building
1835 Assembly Street
Columbia, SC 29201

South Dakota

State Director, FmHA
Room 308, Huron Federal Building
200 4th Street, SW
Huron, SD 57350

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State Director, FmHA
538 Federal Building
801 Broadway
Nashville, TN 37203

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Suite 102, Federal Building
101 South Main
Temple, TX 76501

Utah

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125 South State Street
Salt Lake City, UT 84138

Vermont-New Hampshire

State Director, FmHA
141 Main Street
P.O. Box 588
Montpelier, VT 05602

Virginia

State Director, FmHA
Room 8213, Federal Building
400 North Eighth Street
P.O. Box 10106
Richmond, VA 23240

Washington

State Director, FmHA
Room 319, Federal Building
P.O. Box 2427
Wenatchee, WA 98807

Wisconsin

State Director, FmHA
1257 Main Street
Stevens Point, WI 54481

West Virginia

State Director, FmHA
75 High Street
P.O. Box 678
Morgantown, WV 26505

Wyoming

State Director, FmHA
Room 1005, Federal Building
100 East B
P.O. Box 820
Casper, WY 82602







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Secretary of Agriculture, Washington, DC 20250

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